

Message Text

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FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 0533

INFO AMEMBASSY BRUSSELS

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E.O. 11652: N/A

TAGS: PFOR, PINT, IT, GW

SUBJ: REACTIONS TO SCHMIDT STATEMENT RE AID TO ITALY

REF: (A) STATE 177790; (B) STATE 178656;

(C) BONN 6609

1. SUMMARY. BEGIN UNCLASSIFIED. WEST GERMAN MEDIA HAVE ZEROED IN ON CHANCELLOR SCHMIDT'S REPORTED COMMENT IN WASHINGTON THAT FRANCE, UK, US, AND FRG AGREED AT PUERTO RICO TO GIVE NO FURTHER FINANCIAL AID TO ITALY IF NEW GOI HAS COMMUNIST CABINET MEMBERS. FRG PRESS SPOKESMAN GRUENEWALD JULY 19 TRIED TO DEFUSE STORY BY CLAIMING THAT PRESS HAD WARPED WHAT CHANCELLOR SAID. HOWEVER, GRUENEWALD ADDED THAT ALL COUNTRIES CONCERNED WITH ITALIAN AID QUESTION AGREE
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THAT FUTURE ASSISTANCE MUST PROCEED ON MULTILATERAL,

DEMOCRATIC BASIS AND INVOLVE MAJOR EFFORT BY GOI. CDU/CSU, PREDICTABLY, CALLED SCHMIDT REMARK AN ELECTIONEERING TACTIC. PRESS PONDERED CHANCELLOR'S MOTIVES IN MAKING STATEMENT; MANY RECALLED HIS EARLIER BLUNT COMMENTS ON ITALIAN SCENE. END SUMMARY.

2. AT JULY 19 PRESS CONFERENCE, FRG SPDKESMAN GRUENEWALD DWELT ON HEATED REACTIONS TO CHANCELLOR SCHMIDT'S REPORTED REMARKS ON AID TO ITALY. IN OPENING STATMENT, GRUENEWALD SAID THAT VARIOUS DISCUSSIONS IN RECENT MONTHS ON HOW BEST TO HELP ITALY HAVE REACHED BROAD AGREEMENT THAT (1) INsofar AS ITALY DESIRES NEW ASSISTANCE, IT SHOULD PREFERABLY BE GIVEN ON MULTILATERAL BASIS; (2) AID CAN BE ORGANIZED ON CONDITION THAT RECIPIENT STATE MAKES "SERIOUS AND FAR-REACHING ECONOMIC EFFORTS"; (3) SOLUTIONS WITH MULTILATERAL APPROACH AND SELF-HELP ELEMENTS "MUST BE BORNE BY DEMOCRATIC FORCES TO EXTENT POSSIBLE". GRUENEWALD CLAIMED AGREEMENT ON THIS POINT IS SO BROAD THAT HE FOUND IT "TRULY ASTONISHING" HOW CRITICS "PERHAPS UNINTENTIONALLY" ARE CREATING CONTRARY IMPRESSION. MOREOVER, SPOKESMAN EXPLICITLY REJECTED CHARGE OF MIXING IN DOMESTIC ITALIAN AFFAIRS: "POINT HERE IS TO MAKE THINGS AS CLEAR AS POSSIBLE IN ADVANCE TO THOSE FORMING A NEW GOVERNMENT IN ITALY."

3. IN REPLY TO FLURRY OF QUESTIONS, GRUENEWALD SAID WASHINGTON POST HAD DISTORTED CHANCELLOR'S REMARKS. HE GAVE FOLLOWING ACCOUNT OF INTERVIEW: AT OUTSET OF TALK WITH AMERICAN ECONOMIC REPORTER LAST THURSDAY, SCHMIDT CAUTIONED THAT EVERYTHING HE MIGHT SAY ABOUT COUNTRIES OTHER THAN FRG WOULD BE "OFF THE RECORD". QUERIED ABOUT AID TO ITALY, CHANCELLOR CITED MULTILATERAL APPROACH AND ESSENTIAL CONTRIBUTION BY RECIPIENT STATE. AT THIS POINT, AMERICAN REPORTER OBSERVED THAT USG HAS LITTLE INTEREST IN BRINGING ABOUT COMMUNIST PARTICIPATION IN GOI THROUGH ORGANIZING SUCH AN AID PROGRAM. RESPONDING TO THIS "COMMENT DRAPED WITH QUESTION MARK", SCHMIDT SAID LIMITED OFFICIAL USE

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THAT SUCH WAS VIEW NOT ONLY OF USG, BUT OF FRG AND MOREOVER OF UK AND FRANCE. ASKED WHETHER ITALIAN POLITICIANS TRYING TO FORM NEW GOVERNMENT UNDERSTAND THIS POINT, SCHMIDT SAID "I BELIEVE THEY HAVE BY NOW LEARNED THIS." ACCORDING GRUENEWALD, EXCHANGE ENDED THERE.

4. SPOKESMAN STRESSED THAT CHANCELLOR HAD NOT

REFERRED TO "DECISION" MADE AT PUERTO RICO WHERE
IN FACT NO DECISIONS WERE MADE. HE ALSO SAID ITALY
SO FAR HAS NOT PETITIONED FOR ASSISTANCE.

5. CDU/CSU CHANCELLOR CANDIDATE KOHL ACCUSED SCHMIDT
OF ELECTIONEERING WITH STATEMENT ON ITALY. KOHL
DECLARED THAT ITALY NEEDS NEIGHBORLY ASSISTANCE
RATHER THAN PUBLIC LECTURES. HE SAID THAT CDU/CSU
HAD CONSISTENTLY OPPOSED COMMUNIST ROLE IN GOI, AND

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RECALLED SCHMIDT'S REMARK LAST MAY SUGGESTING SUCH
EVENT WOULD NOT BE "CATASTROPHIC".

6. WEST GERMAN PRESS AGENCY DPA REPORTS THAT FONMIN GENSCHER MADE SPECIAL EFFORT AT JULY 19 EC COUNCIL MEETING IN BRUSSELS TO "CLARIFY" FRG ATTITUDE TO HIS ITALIAN COUNTERPART. GENSCHER LATER TOLD PRESS HE HAD HAD "TRUSTFUL TALK" WITH RUMOR AND UNDERLINED FRG DESIRE TO CONTINUE CLOSE COOPERATION WITH ITALY AND "HELP ITALY IN FUTURE TO SOLVE ITS PROBLEMS". GENSCHER ACCORDINGLY HOPED THAT ISSUE OF SCHMIDT REMARKS WOULD BE CONSIDERED CLOSED.

7. WEST GERMAN PRESS HAS GIVEN HEAVY COVERAGE TO LIMITED OFFICIAL USE

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FOREIGN REACTION, ESPECIALLY FROM ITALY, TO CHANCELLOR'S REPORTED COMMENTS. SOME ARTICLES ALSO CITE NEW YORK TIMES ACCOUNT OF PROPOSAL MADE BY SECRETARY KISSINGER AT PUERTO RICO THAT COMMUNIST PARTICIPATION BELOW CABINET LEVEL NOT PRECLUDE CONSIDERATION OF NEW LOANS FOR ITALY. PAPERS PONDER SCHMIDT'S MOTIVES IN MAKING STATEMENT, AND RECALL HIS EARLIER BLUNT REMARKS ON ITALIAN POLITICS (REF C). SAMPLE FOLLOWS.

A. INDEPENDENT CONSERVATIVE "FRANKFURTER ALLGEMEINE ZEITUNG" JULY 19 COMMENTED THAT ITALIAN WRATH IS "OUT OF PLACE", BECAUSE CREDITS MUST BE POLITICAL TO SUCCEED AND TIME HAS COME FOR "BROAD MASSES OF ITALY" TO UNDERSTAND THEY CANNOT VOTE COMMUNIST AND RELY ON NON-COMMUNIST NEIGHBORS AND ALLIES TO MAINTAIN THEIR "CAPITALIST" STANDARD OF LIVING. PAPER SAW SCHMIDT REMARK NEITHER AS UNALLOWED MIXING IN ITALIAN AFFAIRS NOR AS RESULT OF INTERNAL POLITICKING BY BONN AND WASHINGTON. IT PRAISED CHANCELLOR FOR ANNOUNCING DECISION MADE AT PUERTO RICO, EVEN AT PRICE OF FURTHER UNPOPULARITY IN ITALY.

B. BONN'S INDEPENDENT "GENERAL ANZEIGER" JULY 19 QUESTIONED WHETHER SCHMIDT REMARK WILL POSITIVELY INFLUENCE CURRENT ITALIAN PARTY NEGOTIATIONS "BECAUSE ITALIANS REACT EMOTIONALLY IN THEIR POLITICS." EDITORIAL CITED "SUSPICION IN ROME" THAT SCHMIDT MADE STATEMENT IN ORDER TO CUT GROUND FROM UNDER HIS CDU/CSU OPPOSITION AT HOME -- ON THEORY THAT COMMUNIST GAINS IN ITALY WOULD HELP CDU/CSU IN OCTOBER ELECTION -- AND OUT OF PERSONAL NEED TO POSE BEFORE GERMAN AND AMERICAN PUBLICS AS MAJOR WESTERN LEADER SECOND ONLY TO US PRESIDENT. PAPER OPINED THAT SCHMIDT WARNING "IS CERTAINLY CORRECT IN FACT" BUT THAT HIS PUBLIC USE OF IT DID NOTHING TO IMPROVE ALREADY POOR ITALO-GERMAN RELATIONS. CHANCELLOR

WOULD HAVE ACHIEVED BETTER RESULT WITH MORE TACT
AND DISCRETION, PAPER CONCLUDED. SECOND EDITORIAL
JULY 20 DECLARED THAT SCHMIDT COMMENTS, RATHER THAN
STRENGTHENING DC, HAVE WEAKENED ITS EFFORT TO FORM
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NEW GOVERNMENT. ARTICLE FOUND IT "INCOMPREHENSIBLE"
THAT CHANCELLOR HAD RELIED ON JOURNALISTS' DISCRETION
AND HAD UNDERESTIMATED HEADLINE HUNGER OF AMERICAN
PRESS -- ERRORS WHICH BETRAY EITHER IGNORANCE OR
NAIVETE, QUALITIES NOT USUALLY ASCRIBED TO HELMUT
SCHMIDT. SAME ARTICLE CALLED CDU/CSU CRITICISM RATHER
INCONSISTENT, GIVEN UNION'S PAST PERFORMANCE ON
QUESTION OF AID TO PORTUGAL.

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C. MUNICH'S INDEPENDENT-LIBERAL "SUEDEDEUTSCHE ZEITUNG" INTERPRETED CHANCELLOR'S COMMENT AGAINST BACKGROUND OF EARLIER CDU/CSU ACCUSATIONS THAT HE WAS PROMOTING COMMUNIST ENTRY INTO WEST EUROPEAN GOVERNMENTS. PAPER SUSPECTS THAT SCHMIDT MADE HIS "DRASTIC" STATEMENT ON ITALY TO DEPRIVE OPPOSITION OF THIS CAMPAIGN ARGUMENT. HOWEVER, PAPER SAID OUTSIDE WORLD VIEWS SCHMIDT REMARKS DIFFERENTLY. THUS, SCHMIDT'S "MASSIVE THREATS" AND INTERVENTION IN ITALIAN POLITICS COME AT ESPECIALLY BAD TIME FOR ANDREOTTI AND MAY IN FACT HELP THOSE "WHOSE ADVANCE HE (SCHMIDT) WANTS TO PREVENT." SECOND ARTICLE JULY 20 TITLED "WHAT DOES SCHMIDT KNOW ABOUT ITALY"

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SCOLDED CHANCELLOR FOR NOT REALIZING RISKS INVOLVED IN "OFF THE RECORD" DISCUSSION. IT HELD HIM PARTLY RESPONSIBLE FOR ENSUING FLAP, AND IMPLIED HE SUFFERS FROM INABILITY UNDERSTAND ITALIAN MENTALITY. ARTICLE CONCLUDED THAT POINTED OBSERVATIONS AND PUBLIC WARNINGS FROM GERMANY ONLY HARM "THE COMMON CAUSE" IN ITALY.

D. RIGHT-CENTER "DIE WELT" HEADLINED JULY 19 ITALIAN ANGER OVER SCHMIDT STATEMENTS, QUOTING ROME POLITICIANS WHO SAW NEW EVIDENCE OF SCHMIDT'S ALLEGED ANTI-ITALY BIAS. ONE RECALLED EARLIER REMARK ATTRIBUTED TO SCHMIDT RE ITALIAN TANK WITH ONE FORWARD SPEED, FOUR REVERSE ONES. END UNCLASSIFIED.

8. COMMENT: LOCAL SIGNIFICANCE OF CONTROVERSY OVER SCHMIDT STATEMENT IS HEIGHTENED BY PRESSURES OF WEST GERMAN NATIONAL ELECTION CAMPAIGN: CDU/CSU CANNOT RESIST TAKING POLITICAL SHOTS AT CHANCELLOR FOR SOUNDING OFF AND IRRITATING FRG'S NEIGHBORS. ON OTHER HAND, MANY FRG POLITICIANS AND BUREAUCRATS HAVE LONG BEEN CONCERNED OVER ITALIAN SITUATION. SCHMIDT REMARKS REFLECT THAT CONCERN, BUT PUBLIC AIRING OF THEM ADDS ANOTHER SCAR TO ALREADY SENSITIVE TISSUE OF ROME-BONN RELATIONS. END COMMENT.

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